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new ventures, both of which K mart says it is examining carefully.

The list of possible additions to the K mart fold includes virtually any kind of discount specialty retailing: Super drug stores, off-price apparel units, sporting goods centers, discount auto stores. In most cases K mart is searching for promising fledgling companies with a stable management team which can be rolled out nationally, but the chain will also continue to experiment with internally generated formats.

"Let's not forget that the K mart stores were created internally," says Fred Stevens, executive vice president of specialty retailing.

Right now the one acquired company which has the potential for explosive growth is Home Centers of America, which K mart snapped up for $90 million even though HCA was not profitable.

"We did pay too much for it," says Fauber of HCA, which has been redubbed Builders Square. "But we think it could quickly become the largest operation of its kind in the country."

K mart is also toying with a host of other formats, including a deep discount H&BA store, off-price housewares and specialty off-price apparel. But currently the only concept which seems to have enough momentum to produce an impact on the chain's volume by 1989 is Designer Depot, which now totals 50 units and will encompass 75 stores by the end of 1985.

If all goes according to K mart's diversification plans, the American landscape may soon include a new entity: the K mart shopping center. Imagine a K mart discount store on one end of a center and a Builders Square on the other. In between you'll find perhaps a Waldenbooks store, a Furr's cafeteria, an off-price clothing unit, maybe even a discount drug or auto parts store—all owned by K mart.

"We believe we know what we're doing in retailing, and we're no longer comfortable with the status quo. We'll be trying different things," Fauber says.

Into the 1980's: If there is one way to sum up Fauber's tenure as chairman it's by saying that he's refused to accept the status quo. He took on a chain whose image, for better and sometimes for worse, was etched more clearly on the American psyche than any other retailing institution. Now he is seeking to change that image, or at least reshape parts of it which are no longer useful.

To Fauber the wisdom of what he's trying to do seems clear, and he believes that others will soon come around to his way of thinking.

"I don't believe many people understand us yet," Fauber says. They can't see the scope of what we're trying to do. They just see the parts. They call us upscale, but I'm not comfortable with that term. What we're doing is bringing K mart into the 1980's to better serve our customer. It's a dream of ours, and now it's close to reality." □

The Troy prototype isn't the first time K mart has attempted to upgrade, but this is perhaps the first time that they've pulled together the whole package.

Survey reveals effects of upgrading

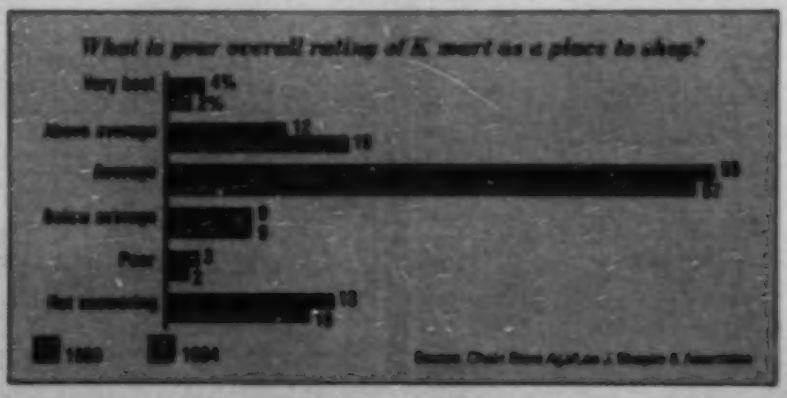
Will it work? Will upgraded assortments, reformatted stores and new merchandise presentations expand the market basket of the average K mart customer?

For children's and infant's apparel, home electronics, photo/camera, and housewares the answer appears to be yes. For adult apparel, the future is less clear. On the whole consumers are giving K mart higher marks and spending more than they did only four years ago, but some entrenched shopping patterns and attitudes remain unchanged.

These are some of the conclusions from an exhaustive *Chain Store Age*/Leo J. Shapiro & Associates consumer survey. The *CSA*/Shapiro poll, consisting of over 2,100 interviews during a four year period, represents the single largest independent study of nationwide K mart customer attitudes and the first objective means to judge K mart's progress and potential.

K mart officials are quick to point with pride to their far-flung and varied customer base. The *CSA*/Shapiro poll confirms both the enormity and diversity of the K mart customer profile. According to the study, 73% of those polled have shopped K mart stores within the last year. This continues a four year upward trend. Two years ago the figure stood at 72%, while in 1980 the number was 68%. In 1984, 41% of respondents had shopped a K mart store in the last month, compared to 36% four years earlier.

Contrary to the blue-collar stereotype impression that continues to plague K mart, the *CSA*/Shapiro poll reveals that the typical K mart customer is actually a microcosm of



The signs were there for all to see, but it took quite awhile for the wheels of change to start turning fast enough to make a difference.

Who shops K mart?

	% of K mart shoppers
Occupation:	
• Professional	12.5
• Technical	5.5
• Manager	13.4
• Clerical	4.5
• Salesworker	5.4
• Craftsman	11.7
• Operative/kindred worker	9.9
• Service worker	4.7
• Laborer	3.1
• Retired	20.7
Income:	
• Under $20,000	39.7
• Over $20,000	60.6
Education:	
• High school or less	52.2
• Some college or more	46.5
Sex:	
• Male	46.6
• Female	53.4
Age:	
• Under 25	12.0
• 25-34	24.1
• 35-44	19.6
• 45-54	12.7
• 55-64	14.5
• 65+	19.3

Source: Chain Store Age/Lou J. Shapiro & Associates

Buying patterns haven't changed significantly

	% definitely probably would buy at K mart		% definitely would not buy at K mart	
Product	1980	1984	1980	1984
School supplies	82.2	82.6	21.8	21.9
Greeting cards	86.9	91.9	17.1	17.7
Shampoo	84.5	86.4	17.3	16.8
Stab drainer	81.1	84.3	19.4	19.7
Plastic container	81.3	84.2	16.3	17.9
Glassware	58.4	58.6	26.9	22.8
Baseball bat	53.8	58.5	25.3	31.0
Basketball	52.1	58.5	25.9	29.9
Plush toy	53.1	58.1	23.1	23.7
Film	53.4	58.1	19.6	17.5
Hobby kit	50.9	52.6	26.0	27.9
Skin cream	49.2	53.4	29.4	29.9
Sheets and pillowcases	49.9	51.6	22.6	24.3
Auto jumper cable	45.2	50.2	30.4	30.8
Hair blower	43.5	53.8	29.4	29.0
Fragrance	37.1	36.9	37.7	40.5
Blank audio tape	37.1	38.1	34.7	36.9
Tennis shoes	36.8	35.7	35.3	36.1
Power sander	30.7	34.1	39.5	42.5
Auto battery	30.5	34.8	43.8	44.5
Cassette tape recorder	29.6	30.1	43.4	44.7
Junior blouse	23.9	29.6	45.2	48.6
Junior dress	21.5	25.4	47.8	48.9
Dress shoes	17.8	14.8	57.9	62.2

Source: Chain Store Age/Lou J. Shapiro & Associates

America itself. Regardless of how the polling base is divided, those who shop K mart do so in nearly exact proportion to their share of the population as a whole.

For example, professionals comprised 12.4% of the 1984 study and represent 12.5% of K mart shoppers. Technical workers were 5.6% of the polling base and 5.5% of K mart customers. Those earning over $20,000 represented 59.2% of the study sample and 60.6% of K mart shoppers. The average age in the polling population was 44.1, while the average K mart shopper was 43.5 years old. Across the board, virtually the same results appeared in the 1980 survey.

While the study shows that America shops K mart, it also reveals some significant differences between frequent and occasional K mart shoppers. The frequent K mart customer (those who shop the store one or more times a week) is older, less upscale professionally, has a smaller family income, less education and a larger family than the occasional customer (those who shop the store once a month or less).

Professionals amount to 12.5% of K mart shoppers overall, but only 5.5% of frequent customers. Technical workers comprise 5.5% of toal K mart shoppers, but only 2.2% of the frequent group. The average income for frequent customers is $23,600, for occasional shoppers household income stands at $24,900. The mean age for frequent K mart customers is 46.7, while the average for occasional shoppers is 43.2. Family size for frequent shoppers averages 3.1, compared to 2.9 for occasional shoppers.

Higher marks: While 57% of those polled rate K mart "average" as a place to shop, the number of respondents who rate the discounter "above average" or "very best" has grown from 16% in 1980 to 21% in 1984. At the same time, those who give "below average" or "poor" marks have slipped slightly from 12% four years ago to 11% this year.

Though consumers may be giving K mart high ratings as a place to shop, the national *CSA*/Shapiro poll reveals that consumer perceptions of what they would and would not buy at K mart have not significantly changed in the last four years, despite assortment changes and upgrading. Commodity products remain the discounter's strong suit, while apparel still represents the most troublesome area.

Four years ago consumers were asked to rate their chances of buying 24 product categories at K mart. In the 1980 poll, the five

Price and merchandise sell this K mart shopper

Lynn Bishop is the kind of customer retailers dream about. The Pompton Lakes, N.J., medical laboratory technician, wife of an airline pilot and referee to 12- and 15-year-old daughters (Tracey and Melanie), is the upscale, suburban shopper many retailers target as their prime customer. She is also a K mart shopper.

"I shop at some department stores, mostly Sterns," she says. "I buy an awful lot at Sears—in fact, if I'm on vacation I'll actually search out a Sears if I need something.

"But I guess I buy more things at K mart than I realize. I go there about once a month, or maybe a little more. I think I'm genetically incapable of paying full price for anything," she says.

Like many K mart shoppers, Lynn's typical shopping patterns lean heavily toward commodity items, a pattern the discounter hopes to change. "I buy shampoo and toothpaste when I don't get them at the supermarket," she says, "but the K mart I go to is right next to the supermarket where I usually go first.

"For the most part I buy our video tapes there, school supplies for the girls, film, underwear—I guess at one time or another I've bought something from every department in the store," she adds.

"We buy some things like small appliances and radios at K mart, but we wouldn't make any major purchases there. There's no real reason for that—I guess we just don't think of it as the place to go for some things. My husband bought the VCR last year at 47th Street Photo in New York because it was a very low price.

"There's nothing I *wouldn't* buy at K mart—except I don't think I've ever bought clothing for myself there," Lynn adds. "I really go to K mart because of the prices. The Jamesway around here is not too great, and the Bradlees is too expensive."

Lynn Bishop and daughters Tracey (l.), Melanie (r.).

Though price is the primary reason Lynn shops K mart, upgraded merchandise and new displays at the Wayne, N.J., store she shops have not passed her attention. But it has taken her time to notice some of the changes, since Lynn primarily seeks specific department destinations and usually does not shop the whole store.

"The first changes I noticed were in Bed and Bath," she says. "But I think they may have changed the department a long time before I noticed, because it's in the back of the store and not near any of the items I usually buy at K mart. But they have some really nice things now, like Cannon towels, that are of department store quality."

Apparel is the most challenging area for K mart, and Lynn and her daughters clearly demonstrate the problem. "The clothing is displayed a lot better now," Lynn says, "but I still don't think that I'd ever buy anything for myself there. And now that the girls are older, I think they'd kill me if I bought them anything at K mart.

"When the kids were little, I bought some of their clothes there, but I don't anymore. Recently, though, I bought some infant's clothes at K mart for $2 when I figured out it was cheaper than buying the Cabbage Patch outfits for my younger daughter's dolls."

K mart's downscale image, the butt of hundreds of *Tonight Show* jokes, may be the discounter's hardest nut to crack. "I wouldn't shop there for *anything*," 15-year-old Melanie says.

"It's funny," says Lynn, "But once I was standing in line at K mart in front of this very well-dressed older woman, and she started talking to me. It was almost like she was apologizing to me for being in a K mart. She told me that she normally didn't shop there, but that the prices for the items in the mail circular were so good that she couldn't pass them up.

"The one complaint I have about K mart has nothing to do with the merchandise," says Lynn, "It's the checkout lines. Sometimes the lines are so long and so slow, that your children could outgrow the clothes you're buying for them before you even get to the cashier."

Will that keep Lynn away from K mart? "Not really," she answers. "The prices are usually worth the wait."

products most likely to be bought were school supplies, greeting cards, shampoo, dish drainers and plastic containers. Three out of 5 polled said they definitely or probably would buy these products at K mart if they were looking to purchase them.

By 1984 the top five list changed only slightly, with film rising to the No. 2 slot, and greeting cards going down to No. 6. Though the variety of products that consumers would buy at K mart has remained relatively unchanged in the last four years, 23 of the 24 products (with fragrances the sole exception) charted a rise in consumer's likelihood of buying them at K mart.

More troublesome to the discounter may be similar behavior at the bottom of the list—those products consumers say they definitely would not buy at K mart. Dress

'There's nothing that's not succeeding . . . Some areas are performing better than others, but there's nothing that's not succeeding.'

—Michael Wellman, director of planning and research

shoes, junior dresses, junior blouses, cassette tape recorders and auto batteries were the five products consumers tagged in the 1980 study as those they were least likely to buy.

In the 1984 survey the same five products held the bottom positions on the list. More disturbing, each of the five bottom categories showed a gain in the number of people who say they definitely would not buy at K mart. The most dramatic loser was dress shoes. In 1980, 57.9% of those polled said they definitely would not buy dress shoes at K mart. In 1984 the number had jumped to 62.2%.

Eight products tracked in the *CSA*/Shapiro poll—fragrances, tennis shoes, power sanders, auto batteries, cassette tape recorders, junior blouses, junior dresses and dress shoes—combine to present K mart with significant problems. These are the eight categories for which consumers who definitely would not buy at K mart outnumber those who definitely or probably would.

In your own words, what is it that tempts you to shop at K mart?

	[illegible]		[illegible], Mich.
	1980	1984	1984
[illegible]	[illegible]	[illegible]	[illegible]
Wide variety/selection	15.5	16.6	24.0
[illegible]	[illegible]	[illegible]	[illegible]
Friendly/helpful personnel	1.6	2.7	1.7
[illegible]	[illegible]	[illegible]	[illegible]
Like specific department	26.2	19.0	8.0
[illegible]	[illegible]	[illegible]	[illegible]
Location near home	3.4	9.5	28.0
[illegible]	[illegible]	[illegible]	[illegible]
Carry name brands	—	—	2.3
[illegible]	[illegible]	[illegible]	[illegible]
Easy to get in and out of store	—	—	2.0
[illegible]	[illegible]	[illegible]	[illegible]
Nothing	9.0	12.6	2.7

Source: *Chain Store Age*/Leo J. Shapiro & Associates

Troy, Mich., prototype customers notice the difference . . .

What changes have they made in that store over the past year or two?

[illegible]	[illegible]
• Better quality	20.5
[illegible]	[illegible]
• More variety/selection	9.0
[illegible]	[illegible]
• Added departments	1.2
[illegible]	[illegible]
• Prices/cheaper/competitive	1.2
[illegible]	[illegible]
Negative comments	3.6
• Higher prices	1.8
[illegible]	[illegible]
None	13.9
[illegible]	[illegible]

. . . and are buying more

[illegible]	[illegible]
Buying less	9.6
[illegible]	[illegible]
Not answering	19.3

Source: *Chain Store Age*/Leo J. Shapiro & Associates

Each of the eight has lost ground in consumer buying intentions over the past four years. In 1980, for example, 37.7% of those polled said they definitely would not buy fragrances at K mart. By 1984 the figure had risen to 40.5%. Four years ago, 39.5% said they would not buy a power sander, and this year the total increased to 42.5%. In 1980, 45.2% of those questioned definitely would not buy a junior blouse, while in 1984 the figure jumped to 48.9%.

"Too soon": K mart officials, however, tag the strategic changes as performing right on target. "There's nothing that's not succeeding," says director of planning and research Michael Wellman. "Some areas are performing better than others, but there's nothing that's not succeeding."

"In some ways you're doing your study too soon," Wellman adds. "You can't tell people for 22 years the reason to shop you is for price, and then expect them to turn right around and shop you for quality."

Wellman asserts that none of the strategic changes can be judged with any certainty until 1987, when the program is fully in place and customers have had enough time to notice these changes.

Yet K mart's Troy, Mich., prototype presents the best opportunity to predict the program's future nationwide success. The 96,000-sq.-ft. Troy store was reformatted and received both upgraded merchandise and new presentations a year ago. To gauge the effect of these changes on consumer attitudes, the *CSA*/Shapiro poll interviewed 300 Troy residents as part of a separate study.

True to Wellman's predictions, consumers in Troy still shop K mart for low prices and specials. Nationally, the number of people tempted to shop K mart for price has risen from 55.8% in 1980 to 60.6% in 1984. Troy residents cite low price just about as frequently (61.7%) as the national sample.

The number of respondents who cite quality as the K mart attribute that tempts them to shop the discounter has increased from 3.5% in the 1980 national poll to 6% in the 1984 study. Slightly more Troy residents (6.7%) mention quality.

While the number who mention K mart's wide variety and selection

Adult apparel lags at prototype store

	% definitely/probably would buy at K mart		% definitely would not buy at K mart	
	Troy	National	Troy	National
Children and infants' apparel	52.4	36.0	29.3	32.1
Housewares	63.4	42.2	14.6	25.6
Electronics and Camera	46.0	31.8	28.5	42.0
Adult apparel	28.8	26.6	53.2	48.5

Source: *Chain Store Age*/Leo J. Shapiro & Associates

Frequent apparel shoppers rate K mart highest

Frequency of apparel purchases at K mart

	Almost never	Moderate	Often
How do you rate K mart as a place to shop?			
Very best	3.3%	4.9%	12.2%
Above average	27.1	35.4	51.4
Average	58.3	57.3	36.4
Below average	9.8	2.4	0.0
Poor	2.6	0.0	0.0
No answer	1.3	0.0	0.0
Average spent yearly in K mart			
	$210	$315	$484
Average spent yearly on clothing in K mart			
	$22	$74	$208
Average (median) times shopped K mart in last year			
	12.6	29.6	82.6

Source: *Chain Store Age*/Leo J. Shapiro & Associates

as a reason to shop there has remained steady in the national poll (15.5% four years ago, compared to 16.6% today), 24% of Troy respondents cite K mart's breadth of assortment.

In addition, Troy shoppers appear to shop more of the store than the national sample. Those who shop K mart because they like a specific department has dropped from 26.2% in the 1980 national poll to 19% in 1984. However, only 8% of Troy residents cite specific departments as a reason to shop K mart. This may be an indication that Troy customers have begun to shop more of the refixtured and remerchandised store and are now less destination shoppers than their national poll counterparts.

Troy customers also just seem to like their K mart better. Only 2.7% say there's nothing that tempts them to shop the store, compared to 12.6% in the latest national sample. The national sample also ranked K mart as an above average or very best place to shop by 21% of respondents. In Troy 41.3% put the discounter in the top categories.

An astounding 97% of Troy respondents have shopped at K mart in the last year, compared to the 89.3% who had shopped Sears and 93% who had shopped J. C. Penney. And they shop K mart more frequently. Last year Troy respondents visited K mart an average 33.3 times, compared to Penney's 18.6 and Sears 17.

Changes noticed: 72.6% of Troy K mart shoppers have noticed changes in the prototype store, and an overwhelming 81.3% of them have something good to say about it. Fifty-eight per cent of Troy customers mention that the store has been remodeled and is more eye-appealing. More significantly, 20.5% cite better quality merchandise, 12.7% mention more brand names and 9% praise greater assortment variety.

The best news for K mart, though, is that nearly half (48.2%) of Troy customers say that they are now spending more at the store than they did before. Only 9.6% report buying less, while 22.9% say they are spending about the same.

Though much of the information gleaned from the *CSA*/Shapiro study confirms K mart's upbeat projections for the chain's future, the poll also reveals that the prototype's success is not across-the-board. According to the *CSA*/Shapiro survey, the Troy store posts significant gains in home electronics, photo/camera, housewares and children's and infant's apparel. Adult apparel, on the other hand, continues to underperform.

When asked if they would buy a cassette tape recorder at K mart, 54.3% of the Troy sample responds that they definitely/probably would, compared to 30.1% in the national sample. Telephones post an 11.3% gain in Troy over the national sample (41.4% definitely/probably would buy in Troy, compared to 30.1% nationally).

In Troy 43.3% say they would buy a 35mm camera at K mart, as opposed to 11% in the national study. Overall, 46% of the prototype's customers say they would buy electronics and cameras at K mart, compared to 31.8% nationwide.

The big winner, though, is children's and infant's apparel. In the Michigan prototype market 52.4% of those questioned say they definitely/probably would buy children's and infant's apparel at K mart, compared to only 36% in the national sample.

Adult apparel is another story. While 28.8% in the prototype market say they definitely/probably would buy adult apparel at K mart, this is virtually the same as the national figure of 26.6%. More importantly, in the Troy market the number of people who definitely would *not* buy adult apparel at K mart is actually higher than the national sample (53.2% in Troy, compared to 48.5% nationwide).

In the prototype market, 31.7% say they definitely/probably would buy a men's dress shirt at K mart, compared to 33.9% in the nationwide poll. Also, 45.7% in the Troy sample say they definitely would not buy a dress shirt at K mart, a hefty 10.9% more than the 34.8% with negative responses in the na-

About the study:

Information for the *Chain Store Age*/Leo J. Shapiro & Associates survey comes from three studies: 1) a national study conducted during July and August 1980 in which a total of 933 male and female heads of United States households were interviewed; 2) a national study conducted during June and July 1984 in which a total of 901 male and female heads of United States households were interviewed, and 3) a study conducted during July 1984 in the Troy/Sterling Heights, Mich., area in which 300 women and men, designated as the primary shopper in the household, were interviewed.

The study may be purchased for $250 by contacting Murray Forseter, editor, *Chain Store Age*, 425 Park Ave., New York, N.Y. 10022.

K mart shows little gains in apparel market share
(Where are you likely to buy your next ____?)

	Dress		Pantsuit		Blazer		Pants		Jeans		Shirt		Knit shirt		Blouse		Coat		Shoes	
Store	'88 %	'84 %	'88 %	'84 %	'88 %	'84 %	'88 %	'84 %	'88 %	'84 %	'88 %	'84 %	'88 %	'84 %	'88 %	'84 %	'88 %	'84 %	'88 %	'84 %
Existing chain	12.9	10.8	13.4	20.1	16.9	9.7	24.8	[illegible]	14.6	21.3	24.7	21.3	20.3	23.2	14.9	17.3	28.5	19.8	9.8	16.9
Dept. store	33.8	38.3	29.2	32.7	43.1	38.6	29.8	[illegible].6	37.2	31.7	24.6	32.8	23.8	18.9	36.1	38.3	35.8	39.4	24.8	15.9
K mart	6.9	7.1	5.9	2.8	1.4	4.8	7.9	6.5	9.1	7.9	6.7	8.8	14.4	16.2	10.9	9.6	3.2	6.9	6.7	7.6
Other discounter	8.6	2.5	6.8	0.6	2.2	2.9	7.0	3.0	13.2	8.1	10.2	5.2	17.8	10.5	9.5	7.6	1.4	4.3	4.2	9.5
Specialist	10.9	24.2	32.2	27.6	29.2	37.8	29.8	23.2	30.8	22.7	29.8	19.4	19.2	18.1	19.5	21.2	36.3	28.6	43.6	48.1
Other	9.1	5.7	3.2	5.9	3.1	4.4	4.9	3.8	1.4	2.9	2.6	3.2	3.5	3.9	3.1	4.1	2.9	3.3	6.5	2.9
No answer	6.8	6.2	9.6	10.3	5.8	3.2	5.8	5.2	5.1	5.4	10.6	9.5	2.8	18.1	6.8	1.9	6.7	6.5	4.6	18.2

Source: Chain Store Age/Leo J. Shapiro & Associates

tional poll.

The future: K mart's strategic plan calls less for expanding its already tremendous customer base than it calls for increasing the amount and variety of purchases by the average customer. The *CSA*/Shapiro study provides both encouragement and caution for K mart executives.

If the Troy prototype can be successfully replicated throughout the rest of K mart's far-flung empire, the *CSA*/Shapiro survey gives ample evidence of the dramatic results that can be achieved in improved consumer perceptions and increased spending to fill a market basket with a greater assortment of merchandise.

The study also pinpoints that adult apparel will have a more difficult time finding its way into that market basket than perhaps even K mart executives anticipate.

Whether or not adult apparel will eventually succeed is a question the current study can not answer. Adult apparel suffered perhaps the most maligned image in K mart's traditional merchandise mix, and it is possible that consumers simply need more time to overcome their preconceived notions. Consumers themselves will soon answer that question. □

In 1985, K mart is considering a return to the aggressive price-oriented advertising theme, but the campaign will still emphasize brand names.

Bringing back the savings place theme?

Advertising, almost more than anything else, conveys to consumers a distinct image of a retailer. A store can claim it's "like no other store in the world" *a la* Bloomingdale's or "a department store with a difference" like Bradlees.

For years, K mart's advertising hyped low prices. "The savings place" offered few mentions of quality or shopping environment as these things were not considered priorities by the discounter's management.

That changed, along with many things at K mart, during the last two years. More emphasis on brand name merchandise, the addition of better displays in many areas of the stores and the general upscaling, were all mirrored in an advertising campaign that downplayed price and emphasized the personal touch.

But for '85, K mart topsiders are considering a return to a more aggressive price-oriented ad theme that retains the emphasis on name brands, but hits harder at price.

A signal of this shift was seen during the Summer Olympics with the airing of a TV spot showing a middle America-type store manager guaranteeing to match any other retailer's prices. While it has always been corporate policy to permit store managers to meet the competition's prices, this was the first time the company so blatantly advertised the fact nationally.

The next move may well be a return to "the savings place" campaign of the past. The current tag line—"we've got it and we've got it good" is, according to James Mosser, K mart vp sales/gmm, "difficult for the consumer to understand. Chances are the savings place will get more emphasis, as this theme is easier for the consumer to understand. After all, no campaign lasts forever."

The return to price/savings comes on the heels of less than spectacular results for K mart's new advertising approach. Spending this year will approach the $600 million

October sales neither trick nor treat

The back-to-school spending blitz that boosted September sales did not spill over into October. Sales for the 25 chains tracked by *Chain Store Age* increased 9.7% for October and finished the third quarter up 11.5% for the nine-month period.

"Major retailers will average monthly sales gains of 9%-11% year over year during the rest of 1984," says Donaldson, Lufkin and Jenrette vp Stuart M. Robbins. "Our early line on Christmas suggests neither boom nor bust, but a steady 7%-9% increase for overall GAF and a gain of 8%-10% for the leading merchants."

High inventory levels throughout the industry, however, continue to encourage heavier markdowns and will increase pressure on margins in the fourth quarter, says Robbins.

Montgomery Ward paced the Big 3 catalog chains in October, posting a 12.1% increase, outperforming its 10.7% nine-month gain. Sears, hampered by a 1.7% sales drop for Sears Canada, ended the month with a 2.1% increase. Volume for the first three quarters, however, hit a record $16.5 billion, up 6.1% over 1983. J. C. Penney was up 8.6% for October and 15.1% for the year.

Among the department stores, Carter Hawley Hale continued to lead the pack with October's gain at 20.1%, the 22nd consecutive month the Los Angeles-based retailer has posted double-digit sales increases. Store-for-store department store division increases hit 20.5%, while comparable store gains for the specialty division lagged at 9.9%.

K mart's 17.8% jump for October marks the fourth consecutive month the discounter's monthly performance has outpaced its year-to-date figures. Store-for-store totals in October gained 13%. Same-store results for discounter Wal-Mart jumped 11% in October, with nine-month figures up 17%.

Once again Tandy's United States Radio Shack division showed signs of weakness. Even though the Radio Shack division recorded a 1% sales gain for the month, comparable store totals dipped 3%.

October no fest, but sales gains steady

Major chains	% change	Oct. Sales* 1984	Oct. Sales* 1983	Stores 1984	Stores 1983	[illegible] Sales* 1984	[illegible] Sales* 1983	% change
Sears[1,6]	+ 2.1	1,815,590	1,779,079	880	890	16,468,981	15,527,076	+ 6.1
Penney	+ 8.6	908,000	836,000	2,017	2,036	8,224,000	7,142,000	+15.1
Ward[1]	+12.1	520,757	464,723	367	376	4,505,515	4,068,526	+10.7
Federated[2]	+ 7.6	601,100	558,500	451	424	5,272,000	4,741,300	+11.2
Dayton Hudson	+14.4	570,757	498,703	1,139	1,073	4,999,006	4,808,322	+16.0
May Dept. Stores	+10.7	352,400	318,300	1,771	1,540	3,124,400	2,748,600	+13.7
R. H. Macy	+ 8.8	317,200	303,800	96	93	2,839,300	2,518,900	+12.7
Allied Stores	+ 4.5	300,500	287,500	590	568	2,646,900	2,443,800	+ 8.3
Carter Hawley Hale	+20.1	313,700	261,200	266	266	2,502,400	2,077,700	+20.4
Associated Dry Goods	+ 6.6	309,900	290,700	333	327	2,667,000	2,322,000	+14.8
Mercantile	+ 0.4	135,420	134,889	79	85	1,129,949	1,065,831	+ 6.0
K mart[7]	+17.8	1,539,364	1,307,315	2,165	2,146	14,219,606	12,945,659	+ 9.8
Woolworth	+ 2.7	411,451	400,796	N/A	N/A	3,939,114	3,736,649	+ 5.4
Wal-Mart	+30.3	550,000	422,000	733	629	4,330,000	3,120,000	+38.8
Household Merch.[2,3]	+ 1.0	406,611	402,381	3,675	3,845	3,918,420	3,825,138	+ 2.4
T.G. & Y.	− 4.2	136,501	142,512	755	830	1,389,132	1,365,461	+ 1.7
Zayre[4]	+13.3	252,280	222,593	822	732	2,103,862	1,751,446	+20.1
Bradlees	+ 5.0	105,000	100,000	130	123	914,000	750,000	+21.8
Murphy	+ 4.9	68,642	65,430	386	406	624,655	592,900	+ 5.4
Rose's	+ 7.3	62,100	57,854	194	245	613,730	544,736	+12.7
Heck's	+ 2.6	36,500	35,500	125	121	320,507	298,544	+ 7.4
Jamesway	+ 4.5	37,460	35,846	83	78	315,536	283,483	+11.3
Melville	+12.6	330,245	293,283	5,862	5,703	3,298,010	2,868,768	+15.0
Tandy	+ 2.6	221,328	215,781	N/A	N/A	817,460	799,210	+ 2.3
Edison Bros.	− 3.2	74,900	77,400	2,327	2,162	786,977	737,381	+ 6.7
The Gap	+17.6	34,700	29,500	614	566	344,900	311,600	+10.7
Total & Averages	+ 9.7	10,275,905	9,369,573	—	—	90,926,228	81,529,569	+11.5

*000 omitted. N.C. = no change. N/A = not available.
[1]Store number for full-line outlets only. [2]Includes 2,745 franchise stores (vs. 2,838 a year ago). [3]Includes Von's and T.G. & Y. sales. [4]Includes 279 Zayre stores (vs. 273 a year ago), 397 Hit or Miss stores (vs. 348) and 147 T. J. Maxx stores (vs. 111). [5]Excludes supermarket sales. [6]Includes results from Sears Canada. [7]Store count includes K mart stores only.

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